

*Bulletin from the*  
**EUROPEAN**  
**COMMUNITY**  
*for coal and steel*

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## THE DECISIVE STEP: Common Market and Euratom Treaties Signed

### *Critical German and French Parliamentary Ratifications Sought This Summer*

The statesmen of the six Community nations on March 25, 1957, took the biggest step so far toward the economic unification of Europe when they signed in Rome the Treaties establishing the European Economic Community and the European Atomic Energy Community. The signing of the Treaties on the Capitoline Hill marked Government accord among the Community nations to strengthen their bonds of unity. Still ahead is parliamentary approval to be won in the six nations. Action by Germany's Bundestag and France's National Assembly which, for current political reasons must be taken before summer recess, are regarded as critical to the success or failure of the two pacts. Should both Parliaments ratify the Treaties, ready acceptance is expected in the parliamentary chambers of Italy and the Benelux nations.

The signing ceremonies took place amidst historic pomp and ceremony in the Palace of the Conservators. In the Hall of the Horatii and Curiatii before the great tapestry depicting the founding of Rome and the Roman Republic, West Germany's Chancellor Konrad Adenauer, Italy's Premier Antonio Segni, Luxembourg's Premier and Foreign Minister Joseph Bech and the Foreign Ministers of the Community nations attended the occasion. Thus the second step was made in the march toward Europe which began six years earlier on April 18, 1951, when the six nations signed the Treaty establishing the European Community for Coal and Steel.

While the Coal and Steel Community broke down economic barriers to the free flow of coal, steel, iron ore and scrap between the Six over a five-year transition period, the Common Market Treaty will gradually create a single market for all products over a period of from

12 to 15 years, and the Euratom Treaty, within a much smaller period of time, will create a common market for nuclear power, manpower and products and establish a central atomic authority with wide powers over the peaceful development of nuclear energy in the six countries.

### *Roman Holiday*

As hosts to the five nations, the Italian Government had laid careful plans to provide the occasion with all the formalities of an historic event. A holiday was officially declared for school children and students who, the previous week, had listened to classroom talks on the importance of the occasion for the future of Europe. The ceremony itself, held on the ancient Capitoline Hill, was one of pomp and splendor. Other arrangements were in keeping with the solemnity of the affair. The city was decked with the flags of the six nations and of Rome itself. In the evening, at the moment of signature, the ancient monuments of Rome were floodlit and, as the ceremony concluded, the great bell on the Capitoline Hill rang out the news.

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## An Open Community

Statements by two of the European statesmen, following the ceremony, underscored the fact that the Treaties would not create among the Six a closed economic and political bloc. Christian Pineau, French Foreign Minister, declared: "It is our duty to proclaim once again our desire to associate with other countries, notably Great Britain, without which the Europe we want to build would be incomplete.... Thus the work whose second stage, after the establishment of the Coal and Steel Community, we are starting on today, will in no way have as its effect the creation of an isolated little Europe, as certain people charge, but will be the framework of the greater Europe which is our ultimate aim."

Chancellor Adenauer expressed similar sentiments when he emphasized that the European Community is directed against no one. "Membership is open to all the European states," he said. "If a state believes it is not in a position to participate in full, we have provided for close collaboration in other ways, notably through the creation of the free trade area." The German leader also paid warm tribute to Belgian Foreign Minister Paul-Henri Spaak, without whose many qualities the work would never have been completed, he said.

M. Spaak declared that "this time the men in the West have finally been able to seize their opportunity—they have not been lacking in boldness."

## U.S. Press Comment

The signature of the two pacts in Rome was widely remarked in the U. S. press. Most newspapers cordially hailed the event as a historic occasion whose long-term effects would benefit the United States as well as Western

Europe. Only a few cautioned against undue optimism pending ratification or against pinning hopes upon the Treaties as panaceas for all of the economic ills of the West. Uppermost in the majority of U. S. comment was the hope that the pacts would ultimately weld Europe together politically as well as economically. In an editorial on March 26th, *The New York Times* commented: "... behind this enterprise is a steadily growing wish for European unification as the only possible means of restoring Europe to a position of power that will enable it to survive in freedom. . . . The existence (of common federal institutions for the two Communities with the ECC&S) makes a drive toward political unification virtually inevitable." The *Baltimore Sun* remarked upon the occasion that: "The highly developed civilized countries of western Europe could hardly have taken such a step unless they were convinced of one massive fact: the only hope for the future lies in European unity. It is this, rather than the expected economic advantages which will place March 25, 1957, firmly in the history books." The *Wall Street Journal* warned against expecting that "great automatic solutions (to Europe's problems) have issued from the strokes of six pens" but added: "... the signers of these treaties intend that political unity shall come; to them that goal transcends the economic. These treaties provide for embryonic legislative and judicial bodies which could eventually grow into the parliament and the court of Europe." The *Des Moines Tribune* remarked that "The machinery for administration of the Common Market and Euratom, piled on top of that of the Coal and Steel Community, give Western Europe a solid basis for developing political institutions to make a reality out of the dream of a United States of Europe."

## Translations and Summaries of Treaties

Provisional English translations of both the Euratom and the Common Market Treaties are now available. These may be obtained by writing to:

INFORMATION SERVICE  
220 Southern Building  
Washington 5, D. C.

A 14-page summary of the Atomic Energy Community Treaty and a 44-page summary of the Economic Community Treaty are available without charge. Also available without charge are two additional documents signed at Rome on March 25, 1957: the "Convention relating to Certain Institutions Common to the European Communities," and the "Final Act," which contains declarations of intent by the signatory nations relating to certain aspects of the Treaties.

The Treaty establishing the European Economic Community with complete Annexes.....\$.65\*

The Treaty establishing the European Atomic Energy Community ..... .35\*

\* The above charges include mailing costs.



Italy and Luxembourg sign the six-nation Common Market and Euratom Treaties in the Palace of the Conservators in Rome on March 25, 1957. Left to right (seated) are: Italian Prime Minister Antonio Segni; Italian Foreign Minister Gaetano Martino, and Luxembourg Prime Minister and Minister of Foreign Affairs, Joseph Bech.

# THE EUROPEAN ECONOMIC COMMUNITY

## A Common Market for all Goods

In the Preamble to the Treaty creating a European Economic Community, the six signatory Governments declare their intention of establishing "the foundations of an enduring and closer union between European people" by gradually removing the economic effect of their political frontiers. A common market and a common external tariff—a customs union—are to be established for all goods; common policies for agriculture, transport, labor mobility and the important sectors of the economy are to be devised; common institutions for economic development are to be set up; and, for an experimental period of five years, the oversea areas connected with the member states are to be associated with the new Community. All these measures are to be taken with one "essential aim"—a steady improvement in the conditions of life and work of the people of the six countries.

### *Institutions*

The Treaty, which binds the six countries for an unlimited period of time, consists of 248 Articles, 15 Annexes, four "Declarations of Intention" and three Protocols. The institutional arrangements follow broadly the pattern set by the Coal and Steel Community. The major difference is that the nine-man European Commission, which will be the operating executive body, will require the approval of the Council of Ministers for a far wider range of decisions than is the case for the High Authority. Thus, the Commission would "propose" and the Council "dispose," to borrow a London *Economist* comment. In the early stages many important decisions will require the Council's unanimous agreement. For subsequent decisions a qualified majority of its votes (four each to Germany, France and Italy; two each to Belgium and Holland, and one to Luxembourg) will be sufficient.

The new Economic Community will share with the Coal and Steel Community and Euratom the same parliamentary Assembly—the present Common Assembly enlarged from 78 to 142 members. France, Germany and Italy will each send 36 Assembly delegates, Belgium and Holland 14 and Luxembourg six. The present Court of Justice will also be enlarged to serve the Economic and Atomic Communities. In addition an Economic and Social Committee will serve the Court on an advisory level.

### *The Transition Period*

A period of between twelve and fifteen years, broken up into three stages, will be allowed for the introduction of the common market. Each stage is to be of four years with the proviso that the ending of the first stage be conditional

upon agreement between the Commission and the Council of Ministers that the necessary progress has been made. It may be extended to six years, or beyond if disagreement continues; the further stages may also be prolonged—but only on condition that the Council of Ministers agrees unanimously, and as long as the total transition period is not extended beyond 15 years.

### *Tariffs*

Detailed rules are laid down for the gradual removal of customs duties between member states, and the establishment of a common external tariff. For internal import duties there will be a reduction of 30 per cent in each of the first two stages, the remaining 40 per cent being removed in the final four years. In the first year of the common market there will be a uniform reduction of 10 per cent of the duty (calculated on the basis of rates in force on January 1, 1957) on all articles. In the application of the two further reductions of 10 per cent each which will follow at intervals of 18 months, and for the second and third stages, member states will be allowed a certain amount of discretion as regards the incidence of the tariff cuts on the various types of goods.

Export duties on goods destined for Community countries will be abolished not later than the end of the first stage.

A common tariff on imports from non-Community countries will be established *in full* not later than the end of the transitional period at the arithmetical average of tariffs in force in the six countries on January 1, 1957. All duties which on January 1, 1957, varied by no more than 15 per cent from the common list will be replaced by the common tariff in four years; for other tariffs the gap will be reduced by 30 per cent after four years, a further 30 per cent after eight years, and eliminated by the end of the transition period.

Quantitative restrictions on trade within the Community are also to be eliminated in stages. Import quotas will be increased at least 20 per cent a year by value and 10 per cent a year by products, and by even greater amounts where global quotas are less than 3 per cent of a country's domestic output of a given product. All bilateral quotas will become global quotas after one year.

### *Agriculture and Transport*

Common policies for agriculture and transport are to be evolved during the transitional period. For agriculture a conference of member states is to be called to lay down the lines of a common agricultural policy and to draw up a

balance sheet of needs and resources. Within two years of the entering into force of the Treaty, the Commission must present its proposals. A common organization for agricultural markets will be set up, its form depending on the needs of particular products. Until then, development of trade will be encouraged by the conclusion of long-term contracts.

During the transitional period member states will have the right to apply minimum prices for certain products (as long as these are non-discriminatory and do not lower the previous volume of trade). If prices fall below this level imports may be temporarily suspended, reduced or admitted only at a higher price.

For transport the Council will establish (by a unanimous vote in the first two stages, by a qualified majority afterwards) common rules for international transport and other necessary measures for a common policy. Not later than the end of the second stage all rates which discriminate by reason of the national origin or destination of the goods transported are to be abolished. From the beginning of the same stage all state subsidies will be forbidden, unless specifically authorized by the Commission. A Consultative Committee to assist in this field is to be set up.

### Labor, Capital and Services

The free circulation of workers, capital and services is to be established in the Community by the end of the transition period. As soon as the Treaty comes into force, the Council after due consultation will decree measures necessary to secure the mobility of labor. These will include provisions for the close collaboration of national labor organizations, for the removal of administrative difficulties, and for the circulation of information about jobs and labor available in the Community. The Council will also arrange—after a unanimous vote—for the necessary social security measures.

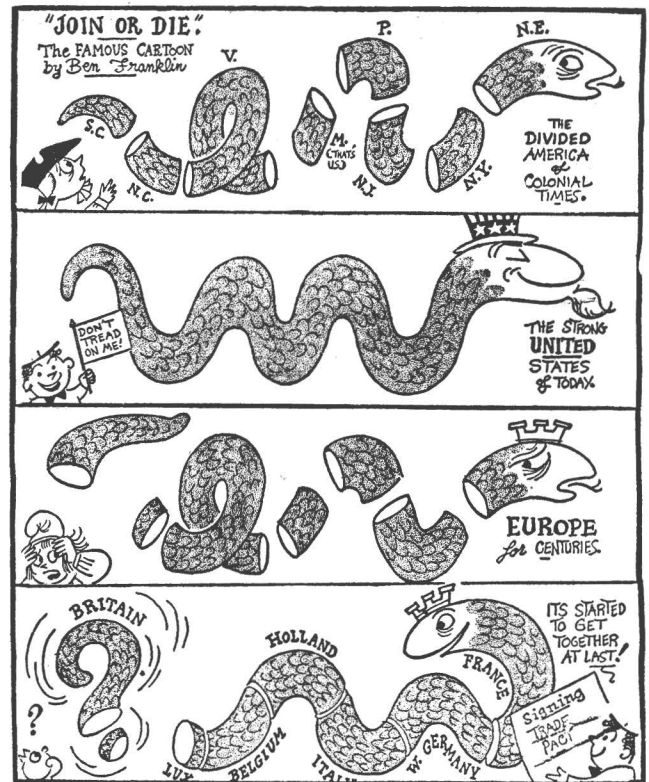
Restrictions on the movement of capital belonging to residents of the Community are to be progressively removed, and not later than the end of the first stage, current payments related to the movement of capital will be freed from all controls. Meanwhile, states will seek not to introduce any new restrictions, and to make their existing arrangements as liberal as possible. They may however take, or be empowered by the Commission to take, protective measures within certain limits if capital movements should disturb their economies.

A general plan for the removal of restrictions on the free offering of services throughout the Community will be published at the end of the first stage if the Council approves unanimously, and rules will be drawn up for mutual recognition of diplomas, certificates and other qualifications.

### Common Rules and Policies

The central section of the Treaty proposes common rules and policies in order to ensure free and equal competition within the Community. Anti-monopoly rules are stricter

### History Repeats?



—Yardley in the Baltimore Sun.

and more specific than those of the Coal and Steel Community. In the early period they are to be enforced nationally on the basis of detailed reports to governments by the Commission; within three years, however, international rules and directives which have the force of law in the six countries are to be issued after a unanimous vote by the Council of Ministers. The Treaty forbids any agreement of association which prevents, restrains or distorts competition, and notably those directly or indirectly fixing prices; regulating or controlling production, investment or technical development, sharing markets, requiring the acceptance of additional goods besides those required by the customer; or providing for discriminatory conditions of supply. The abuse by one or a number of enterprises of a dominant position in a market is also forbidden. Agreements contributing to better production or distribution, or to promote technical or economic progress, can however be authorized, provided the restrictive effect is no greater than is necessary for this purpose.

Similarly, state subsidies which distort competition are also forbidden, though special aid for economically underdeveloped areas, and special projects of European importance will be permitted. Discriminations through fiscal policy will be banned, as will concealed export subsidies within the Common Market.

The member states also bind themselves to consider as a matter of common interest their economic and commercial policies. In world trade, the member states agree to aim at the suppression of restrictions and the reduction



of tariffs, and the application of a common commercial policy, particularly in tariff regulations, by the end of the transition period. The Commission will promote coordination of the member governments' social policies, notably conditions of work, social security, accident and health insurance, and trade union rights. From the end of the first stage of the transitional period the principle of equal pay for equal work will be applied. A European Social Fund will be set up to advance employment and labor mobility and will operate similarly to the Coal and Steel Community's readaptation program.

While assuring their own balance of payments position, member states will set up a Monetary Committee with consultative functions. Exchange-rate policy will be considered as a matter of common interest, and the Commission may authorize reprisals for a limited period against any state which uses revaluation for unjustifiable aims. When grave balance-of-payments difficulties threaten a member state, the Commission must conduct an enquiry without delay; it can propose to the Council methods by which the rest of the Community may help a member state in difficulties.

### ***The European Investment Bank***

A Bank is to be set up to give aid to underdeveloped regions, to help modernization and conversion, and to finance projects of mutual interest. It will have a capital of one billion dollars contributed as follows:

Germany .....	\$ 300	million
France .....	\$ 300	million
Italy .....	\$ 240	million
Belgium .....	\$ 86.5	million
The Netherlands .....	\$ 71.5	million
Luxembourg .....	\$ 2	million

### ***Overseas Territories***

The six countries agree to associate their overseas territories with the Common Market and to promote their social

and economic development. The products of the overseas territories will enter the Community on equal terms with those of member states, and each overseas territory will extend to all the member countries any special concessions it applies to the country with which it has special links.

A special development fund will be set up to which a total of \$581.25 million will be contributed in the first five years. Germany and France will each contribute \$200 million, Belgium and Holland \$70 million each, Italy \$40 million and Luxembourg \$1.25 million. The Commission will establish the general program of proposed investments; the Council—with a special voting system—will make the final decision. The fund is to be allocated as follows to the countries and territories of the following states—France \$511.25 million, Netherlands \$35 million, Belgium \$30 million, Italy \$5 million.

### ***General Finance***

The member states will contribute in the following proportions—France, Germany and Italy 28 units each, Belgium and the Netherlands 7.9 units each, Luxembourg 0.2 units. The Commission, which is charged with the preparation of the budget, is also charged with studying under what conditions state contributions could be replaced by independent resources, notably the receipts from the common tariff. The Community's budget must be approved first by a qualified majority of the Council and then by the Assembly. Should the Assembly propose modifications the Council, in consultation with the European Commission, makes the final decision.

### ***Safeguards***

Special measures for the protection of the interests of individual member states are allowed in the sphere of defense and in the case of war. During the transition period a state in serious and persistent economic difficulties may be permitted to take special measures to safeguard its economy.

## **THE EUROPEAN ATOMIC ENERGY COMMUNITY**

### **Euratom Treaty Sets Stage for Large-Scale Atomic Power Production**

The European Atomic Energy Community represents a limited approach to European economic integration, but along a shorter and more direct route than charted by the European Economic Community Treaty. In this respect, the Euratom Treaty more closely resembles its original descendant, the Treaty creating the European Community for Coal and Steel. Unlike the Economic Community Treaty which sets a timetable of from 12 to 15 years for the gradual transition to a general Common Market, Euratom

would bring into being a Common Market for nuclear power and all products relating to nuclear energy development within a period of from one to two years. Euratom's executive arm, the Euratom Commission, would wield considerably more direct authority than the Common Market's Economic Commission, although it would command much less extra-national power than is held by the Coal and Steel Community's High Authority.

## Purpose

The Preamble to the Euratom Treaty declares that the signatory nations, Belgium, France, West Germany, Italy, Luxembourg and the Netherlands, realize "that nuclear energy is the essential factor for ensuring the expansion and renewal of production . . ." and that they are resolved "to create the conditions suitable for the development of a powerful nuclear industry which will provide vast supplies of energy and lead to the modernization of technical processes, in addition to its many applications contributing to the well-being of their peoples. . . "

The mission of the Atomic Energy Community as stated in the Treaty is "to contribute towards raising the standard of living in Member States and towards promoting commercial exchanges with other countries by establishing the conditions necessary for the rapid development and growth of nuclear industries."

## Function

Under conditions specified in the Treaty, Euratom would:

- develop research and ensure dissemination of technical information;
- establish and supervise health and safety standards;
- facilitate investments in nuclear energy projects;
- ensure a steady and equitable supply of ores and nuclear fuels;
- guarantee, by controls, that nuclear materials are used only for purposes for which originally intended;
- exercise ownership rights over all special fissile materials;
- establish a common market for nuclear materials and equipment, for the free movement of capital, labor, and for technical exchange, and
- maintain relations with third countries and international organizations.

## Institutions

Existing as one of three "Communities" for the economic integration of Western Europe, Euratom would share the same Assembly and the same Court of Justice serving the Economic Community and the Coal and Steel Community.

## The Commission

The Euratom Commission is to be a five-man "collegium" type executive whose members are to be appointed for a four year term from among the six nations by mutual agreement of the member Governments. Duties of the Commission are defined as:

- supervising the application of the Treaty;
- formulating recommendations and opinions on matters within purview of the Treaty;
- exercising its independent powers of decision;
- taking part in Council and Assembly decisions, and
- exercising powers vested in it by the Council for implementing rules it lays down.

The Treaty obliges the Commission to work closely with the Council of Ministers in the discharge of its duties.

With the Council, it is empowered to issue regulations and directives, adopt decisions, and formulate recommendations or opinions. These are defined as follows:

- a *regulation* has general and direct application in any member state and is mandatory in all respects;
- a *directive* is binding on the particular State with respect to result but permits freedom in the choice of ways and means;
- a *decision* is obligatory for the parties indicated, and
- *recommendations and opinions* have no binding force.

The Commission will have the assistance of a 20-man advisory body, the Scientific and Technical Committee, and the Commission and the Council will be assisted by the 101-member Economic and Social Committee with certain advisory powers.

## The Assembly

The Assembly, consisting of 142 members appointed from and by the national Parliaments of the Member States, will be an enlarged version of the present Common Assembly of the Coal and Steel Community. It will not have legislative functions. According to the Treaty, it "shall enjoy the powers of decision and supervision conferred upon it by the present Treaty." Actually, its principal responsibility will be to review the activities of the Euratom Commission. The Assembly may, upon a two-thirds majority vote of censure, oust the Commission in a body in disapproval of its operations.

Assembly members may put questions to Commission members and Commission members, in turn, may speak at Assembly meetings on behalf of the Commission. The Treaty specifies that the Assembly *shall* draw up proposals for the election of its members by universal suffrage.

## The Court of Justice

It is the task of the seven-man Court of Justice "to ensure observance of the rules of law in the interpretation and application of the Treaty." Appointed by the Governments for a six-year term, the members of the Court (except for the addition of two advocates-general) are to be the same as the jurists serving the Coal and Steel Community. Member States or the Commission may appeal before the Court if either is charged with failure to fulfill its obligations under the Treaty. The Court is also empowered to guard the legality of decisions of the Council and the Commission. Any individual or corporate group may appeal to the Court against decisions taken by the Commission and Council. Decisions of the Court shall be enforceable in the territories of the member states.

## The Council of Ministers

Under the Euratom Treaty, the Council will have broader decision-making powers (with the Commission) than is the case in the Coal and Steel Community Treaty. The Council is to be composed of one representative (cabinet member) from the Government of each Member State.

The Treaty declares that it "shall take all measures within the powers conferred upon it to coordinate the actions of Member States and the Community." In general, the decisions of the Council will be taken by a majority vote. However, there are a few specific fields covered by the Treaty (such as decisions on joint enterprises and respect for secrecy in the national defense interests of a Member State) in which unanimity is required. In the case of Council decisions requiring a prescribed majority, the votes of members will be weighted as follows: Belgium—2; France—4; Germany—4; Italy—4; Luxembourg—1, and the Netherlands—2. Decisions of the Council are to be considered adopted if supported by 12 votes in the case of a proposal submitted by the Commission or, in other cases, by 12 votes cast by at least four members. The Council may also request the Commission to undertake investigations and submit proposals designed to promote the Community's common aims.

## **GENERAL SCOPE**

In earlier issues of the Bulletin (see ECC&S Bulletin No. 15, May, 1956) and elsewhere, the general scope of the Euratom Treaty with regard to provisions for promoting progress in the field of atomic energy has been widely discussed. Following, briefly, is a summary of these provisions.

### **Research, Patents & Safety**

For the development of research, Euratom would provide for a Community Nuclear Research Center to standardize nuclear terminology and measurements and would make the services of the Center available to all interested Member States, individuals or firms. The Euratom Commission would be empowered to establish training centers for nuclear specialists and be obliged to facilitate the exchange of research information and coordinate research efforts in the six nations. It may also provide financial assistance for research undertakings.

The Commission is obliged to protect and at the same time exploit patents and provisionally protected claims on methods and inventions of use to the Community.

Basic standards will be established and regulations enforced to protect individuals working in nuclear installations and the general public against the hazards of radiation.

### **Investments and Community Enterprises**

In order to coordinate the rapid development of a nuclear power program, the Euratom Commission will require firms and Governments to file, three months in advance of beginning work, notice of investment projects in the field of nuclear energy. The projects will be published subject to agreement by all parties concerned.

Joint enterprises may be set up by the Council of Ministers, following recommendations by the Commission if these are regarded to be "of outstanding importance for the development of nuclear industry in the Community."

These "Community enterprises" could enjoy certain extranational privileges such as exemption from direct taxes.

### **Fuel Supply and Ownership**

The Commission will set up a commercial agency with financial independence to purchase ores, raw materials and special fissile matter produced in Member States and outside the Community. The supply of fuel material will be ensured to consumers on the principle of equal access to resources. Prices will be regulated by market supply and demand. The Commission will maintain a strict control over all nuclear fuels. It will also be the Commission's task to keep a strict inventory of nuclear fuels and undertake regular inspection of the handling, use and storage of fuel supplies. Sanctions for violations of Commission rules concerning security may range from warnings to withdrawal of raw materials or special fissile matter. Finally, all special fissile materials will be the property of the Community whether produced or imported by a Member State, individual or enterprise.

### **The Nuclear Common Market**

The common market for nuclear materials will end import and export duties and taxes on Treaty products, apply a common tariff to third countries, facilitate the free movement of persons engaged in nuclear work, set up an insurance plan against atomic risks, and facilitate the transfer of capital needed for nuclear projects.

### **External Relations**

The Commission will maintain relations with third countries and international organizations in all matters pertaining to nuclear energy. It may conclude agreements with third countries and international organizations and also assume the responsibilities of treaties and agreements already in force between Member States and third countries.

### **Financial Provisions**

At the outset, Euratom will operate on a budget provided through fixed contributions from the Member States. However, these contributions may be replaced at a later date either in part or in the whole by the proceeds from taxes levied by the Community in Member States.

### **General Provisions**

All the provisions of the Treaty, unless otherwise provided for, will apply to the European territories of the Member States and to non-European territories under their jurisdiction. If authority required to achieve a Community objective is not provided for in the Treaty, it may nonetheless be assumed upon unanimous vote by the Council after consulting with the Assembly. Proposals for amendments to the Treaty may be made by any Member State or by the Commission. Finally, any European State may apply to become a Member of the Community through application to the Council. Acceptance is to be by unanimous Council vote.

# A TARGET FOR EURATOM

## "Wise Men's" Report Sets 1967 Nuclear Goal

*A Target for Euratom*, a Report delivered on May seventh to the Governments of Benelux, France, West Germany and Italy, set a goal of 15 million kilowatts of electrical energy produced by atomic power stations in 1967.

The nuclear power target aimed at by the six-nation Euratom group is double the size of United States nuclear power capacity expected by 1967, and two and one-half times greater than Britain's estimated installed capacity in ten years.

The Report is regarded as one of the most comprehensive surveys to date dealing with the practical application of nuclear energy for electric power production. As such, it is also expected to serve as a guide for other free world nations in planning commercial nuclear power programs.

In the wide range of subjects covered by the Report were included the economics of nuclear power in Europe, fuel and equipment, costs, reactor design and construction, investments, and association agreements with other nations.

### **Nuclear Power Costs**

With a view toward Europe's growing energy deficit (the six nations will import 33 per cent of total energy requirements within ten years), the Report urged that Europe get off to a running start in the field of atomic power production. It pointed out that nuclear power stations can be built in Europe to produce power in the cost range of from 11 to 14 mils per kilowatt hour as compared to power from new conventional (oil and coal-fired) stations estimated to cost at between 11 and 12 mils per kwh. Before the end of the 10-year period, nuclear power production costs will start going down while conventional power costs will continue to curve upwards.

The Report did not minimize the risks in what would amount virtually to a crash program for atomic power development. On the other hand, it claimed that the cautious alternate of "acting too little and too late" will be a far more serious danger to Europe.

### **Fuel**

Assurances given by the United States and Canada to sell adequate amounts of enriched and natural uranium for a large-scale Euratom program were regarded as invaluable. Fuel costs together with fuel fabrication and chemical processing plant, according to the Report, may well take as much as one-fifth of the total capital expenditure of \$6 billion which has been estimated for the construction of a 15 million kw nuclear power capacity. However, the Report suggested that the Euratom nations delay the expensive undertaking of a big isotopic separation plant until it

is known whether power reactors using enriched or natural uranium will prove best suited for European needs.

### **Reactors**

Although there are a dozen prototype reactors in an advanced state of design or under construction, the Report said that only two types were ready for commercial use today. One was the American type, first proved in the submarine *Nautilus*, using slightly enriched uranium and cooled either by water under pressure or by boiling water. The second was the British "Calder Hall" type (also used in France) which is gas-cooled and fueled by natural uranium. Other reactor types regarded as promising, particularly for Europe, were a version of the British gas-cooled reactor fueled with slightly enriched uranium and the Canadian heavy water, natural uranium reactor.

To speed the undertaking of the large-scale program, the Report declared that Euratom must buy the first reactors from the U. S. and the U. K. or build them under license. This procedure, it said, will *not* foster "permanent industrial dependence" but will "speed up our industries' nuclear education, and provide a basis of well-tested experience to root and nourish their own original contribution." In any case, the Report maintained that a large proportion of each of the first nuclear plants would be built by European engineering industries and that the percentage of imported components would quickly fall.

### **Investment**

Investment costs for nuclear power plants to be constructed over the next 10 years must, according to the Report, be estimated at about two and one-half times the cost of conventional stations with a gradual decline toward the end of the 10-year period. Thus for installing a 15 million kilowatt nuclear capacity, the difference would approach \$4,000 million—between one and two per cent of the estimated total gross investments of the six countries together in the next ten years.

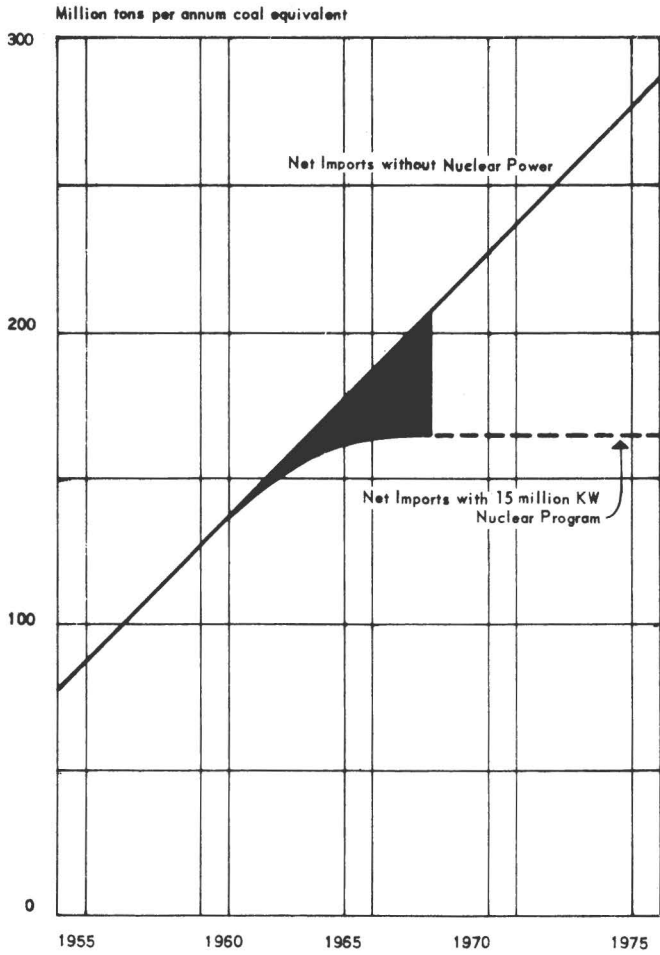
However, the Report stressed that the cost differential would actually represent a "changed pattern of investment rather than a truly increased burden." Without nuclear power capacity, Europe would have to go on building more and more conventional power stations fueled by imported coal and oil. The increasing fuel bill for Europe would be paid for by increasing exports, these would require bigger investments in the export industries, and the increasing bulk of coal and oil imports would require new investments, notably for ships and ports.

As far as the balance of payments question is concerned, the Report envisions big foreign currency savings after the



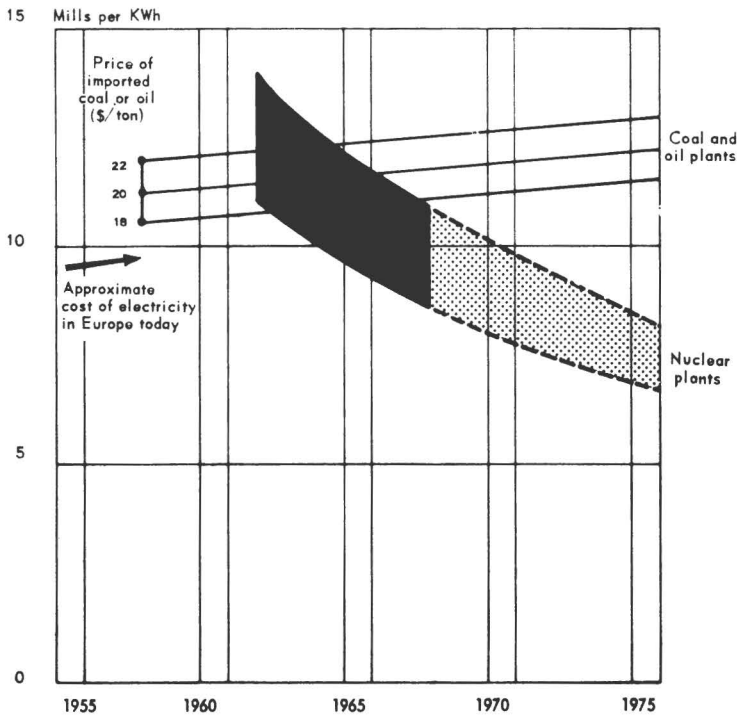
# Future Energy Imports of the Community

Coal Equivalent in Millions of Tons per Year



# Future Electricity Costs in the Community

Trends for New Plants—Conventional and Nuclear



first years through the saving on coal and oil imports, despite a moderate increase in initial requirements of foreign currency to pay for nuclear plant and fuel. In the early stages, as much as 50 per cent of the cost of the nuclear power stations, according to the Report, would have to be in foreign exchange. But over the 10-year period, the import value of nuclear plant would not be expected to exceed \$1 billion. Even if *all* of the nuclear fuel needed for the 15 million kw program had to be imported (which is unlikely in view of uranium production development in Euratom countries) the total bill would only amount to about \$200 million per year as compared to \$800 million per year at present prices for coal and oil to fire the same 15 million kw capacity.

## Cooperation with the United States, Britain and Canada

The Report leaned heavily upon experience gained in the United States, Britain and Canada. It welcomes "the far-sighted view the United States, Britain and Canada have taken of their interests in cooperating with our nations in nuclear development." It emphasized the need for material supplies and technical assistance from these nations as "indispensable to a quick start" and mentioned that they will also gain in experience through the application in Europe of the world's first large nuclear program. The Report proposed that immediately after the establishment of Euratom, agreements of association be drawn up between the three major nuclear powers of the West and close cooperative arrangements be made with neighboring countries such as Switzerland, Austria and the Scandinavian countries.

A TARGET FOR EURATOM was the result of a five-month study undertaken by a team of experts under the direction of Messrs. Louis Armand, Franz Etzel, and Francesco Giordani who were appointed by the six Governments to report "on the amount of atomic energy which can be produced in the near future in the six countries, and the means to be employed for this purpose."

In February, 1957, the trio visited the United States for two weeks at the invitation of Secretary of State John Foster Dulles and AEC Chairman Lewis L. Strauss. At that time, the Euratom "Wise Men" received assurances from officials that the U. S. would cooperate with Euratom for the supply of nuclear fuels and technical assistance. Subsequently, four AEC nuclear experts visited Luxembourg in the capacity of technical advisers to the Euratom Committee of experts which drafted the final Report.

*Copies, in mimeograph form, of the 19-page Report "A Target for Euratom" with annexes I, II, III and IV are available by writing to:*

European Community for Coal and Steel  
 Information Service  
 220 Southern Building  
 Washington 5, D. C.

# Common Market for Western Europe's Coal and Steel Now Virtually Complete

## High Authority's Fifth Annual Report Surveys Results of Common Market on Trade and Productions

With ten months to go before the end of the five-year transition period, the creation of Western Europe's common market for coal and steel is now almost complete. According to the High Authority's Fifth Annual Report to be presented formally to the Community's Common Assembly on May 14, the only major task left to be finished is the reorganization of Belgium's coal industry.

Published in mid-April, the Report reviewed the High Authority's general achievements since 1952 and surveyed its future role in the light of the two newly-signed Treaties creating a European Economic Community and an Atomic Energy Community. The Report described the side-by-side existence of the new Communities with the ECC&S as a "transitional state of affairs," out of which will gradually emerge "the forms of an organic coordination of the European Communities and their association with third countries, especially with Great Britain." The Report sounded an especially warm note of welcome to the decision to use the existing Common Assembly and Court of Justice of the Coal and Steel Community for the two new European initiatives.

It also welcomed the invitation recently received from the six member Governments and made formal at Rome during the signature of the two new Treaties to draw up a "balance sheet" of Europe's energy resources and draft complete proposals as to how a common energy policy for the six nations can be implemented.

### ***Steel Output Up by 36 Per Cent***

The Community's outstanding achievement, according to the Report, was the 36 per cent increase in steel production since 1952. Though considerably greater than increases in the same period of 25.7 per cent in the United Kingdom and of 23.4 per cent in the United States, the Community's steel production spurt over the four-year period did not match that of the Soviet Union whose production climbed by 40.8 per cent.

The Report said the High Authority did not claim the steel increase was due solely to the effects of the common market but stressed that the single market did undoubtedly contribute through assuring a greater regularity in coal supplies, an increase in iron ore trade, the lowering of international transport costs and a common scrap import policy.

In the year 1956 under review, economic activity in the Community remained at a high level though the rate of expansion slowed, according to the Report. Crude steel production rose from 52.6 million metric tons in 1955 to 56.8 million in 1956. This was a more rapid expansion than the average world rate even though some bottlenecks developed and difficulties arose in the supply of raw materials.

The Community's share in world steel production, which had declined regularly between 1929 and 1951, increased from 17.9 per cent in 1951 to 20.1 per cent in 1956 at a time when the shares of the United Kingdom and of the United States declined.

### ***Steel Exports Expand, Coal Needs Rise***

Steel exports to non-member countries also rose between 1955 and 1956 by 15 per cent to a total of 8.9 million metric tons. Coal exports on the other hand sank by almost half to 5.7 million tons in 1956. The Report stressed the structural deficit of coal in the Community despite an increase of 4.2 per cent in production between 1952 and 1956 which brought the Community's 1956 output to 249.1 million metric tons. Because consumption continued to rise, imports again rose sharply in 1956—by 65 per cent to 38 million metric tons with about 80 per cent of total coal imports coming from the United States.

Emergency measures were briefly considered by the High Authority to meet the threatened coal shortage but ruled out following a close study of the supply situation. Instead it held a series of consultative meetings with representatives of Governments, labor unions and producers to ensure fair distribution of coal supplies and decided that, to meet the situation, the primary task was to encourage the building up of reserve stocks and the conclusion of long-term import contracts to reduce threats to consumers during the crisis periods.

In surveying details of the Community's General Objectives which established the long-term objectives of Western Europe's coal and steel policy, the Report said that steel production capacity should rise to 73.5 million metric tons by 1960 and to 86 million by 1965, while a figure of 105 million tons was forecast for 1975 as a basis for estimating coal and coke needs.

Coal needs are likely to go up to 308 million metric tons by 1960, 332 million by 1965, and to 362 million by 1975. The Report also envisaged a sharp climb in pig iron output and an intensive research drive into new techniques for steel making in order to cut down the Community's growing dependence on external supplies of scrap. Faced by the rising need for iron ore, especially after 1960, the High Authority also stressed the need for long-term contracts with potential foreign suppliers of ore as well as for increased production within the Community.

### ***The High Authority's Effect upon Investment Policy***

The investment policy of the Community's steel producers has already been shaped to meet future needs 10 and 20

years hence. Future investment projects of the Community's steel industries are valued at a far higher figure than the average of \$550 million invested annually between 1952 and 1955. Particularly notable has been the shift from investment in rolling mills to new pig iron and crude steel production. For the years 1957 to 1960, a breakdown of investment declarations by steel firms is as follows (actual percentages for investments 1952-55 show in italics): pig iron—31.5 per cent, *15.0 per cent*; steel—16 per cent, *13.8 per cent*; finished steel products—33 per cent, *53.7 per cent*; general services—19.9 per cent, *16.6 per cent*.

In the coal industry, investments totalling \$1.69 billion for the three years 1957-59 had already been declared by coal mining firms to the High Authority by the beginning of 1957. The program, although substantially greater than actual investment in the preceding three-year period (\$1.27 billion) is regarded by the High Authority as far from adequate if goals set in the Community's General Objectives program are to be met. In this respect the Report said that the Community's entire coal industry faced serious future problems.

## Social Progress

Conditions of living and working in Community industries improved as a result of the high level of economic activity. Wages went up, paid holidays increased in number, and the length of the working day in several countries was shortened. A number of collective agreements giving greater security to workers were also concluded. The High Authority continued its policy of aiding in the readaptation of workers (job relocation and benefits) whose old jobs had become redundant through the competitive forces of the common market. The High Authority also launched its second program for the construction of some 20,000 workers' homes in various Community countries.

## Transport

Finally, in the field of transport, the Report acknowledged serious limitations because of the High Authority's own limited powers over international transport systems. However, the Report noted that the last obstacle to international "through rates" for rail transport of Community goods would disappear on May 1, 1957.

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# SOVIET UNION ASSAILS COMMON MARKET AND EURATOM TREATIES

## Russian Warning to Community Nations Repeated at Geneva Meeting

Nine days before the signature of the European Economic Community and Atomic Energy Community Treaties in Rome, the Soviet Union launched an attack against the proposed pacts to bring economic unity to Western Europe.

The Soviet Foreign Ministry charged that the Euratom and Common Market agreements would drive a deeper wedge between Eastern and Western Europe, further chances of war, and play the game of U. S. and German "monopolists" who were seeking to dominate the European economy.

The Foreign Ministry statement was delivered on March 16 to the Community nations' Embassies in Moscow and to the United States Embassy.

On May 3, the Soviet Union renewed its attack against the two Community Treaties at a meeting in Geneva of the U. N.'s Economic Commission for Europe. A. V. Zakharov, the Soviet delegate, repeated the charges and declared that the integration moves were designed to strengthen NATO. He proposed economic cooperation between Eastern and Western Europe as an alternative to Western European economic integration.

Before the renewal of the charges at Geneva, all six Governments of the Community had rejected the Soviet Union's declaration in formal notes delivered to Soviet envoys in each of the western European countries.

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## Newsbriefs

### Statute to Give European School International Status

The four-year-old European School in Luxembourg will be accorded international status after ratification by the six Community Governments of a Statute signed on April 12 providing for Europe-wide recognition of its academic qualifications.

The school, established in Luxembourg in 1953 to meet the educational needs of children of officials working for the Community, will become the continent's first recog-

nized "European School." Following the statute's ratification, students from the school will be able to transfer freely to accepted schools in any Community country. Expected shortly as a part of the agreement will be approval of a secondary school "leaving certificate" enabling students of the European school to gain admission in any of the member nations' universities. The certificate, to be known as the "Baccalauréat Européen," will be the first of its kind to cut across national education frontiers—giving students in the school qualifications equivalent in all respect to those given in the schools of their homelands.

Under the new Statute the school, which now has about 400 pupils of nine nationalities enrolled in nursery, primary and secondary sections, will be governed by a High Council set up by the six Governments. The Council will be respon-

sible for the appointment of a Director and for control of financial affairs. An Administrative Council and two bodies of inspectors will assure the academic standards and administrative functions of the school.

## Trade Unionists Press Demands

Representatives of 700,000 Community miners belonging to the free trade unions of the six countries decided at the end of a two-day conference at Luxembourg in April to present a series of demands to the High Authority and the Council of Ministers. First, they seek a European Miner's Statute to guarantee higher wages than in other industries, a five-day week (with a seven-hour day for underground workers and eight hours for surface workers), and compensation for all risks to life. Secondly, they asked the High Authority to renew efforts to get the producers to respect their obligations to engage in direct talks with miners' representatives in the Mixed Commission of the Consultative Committee. Thirdly, they invited the High Authority and member governments to undertake, as a matter of urgency, steps to increase safety precautions in iron ore mines; and finally, they urged rapid establishment of a permanent agency to promote safety in coal mines (which the Council of Ministers has agreed to set up).

## Increase Forecast in French Steel Prices

An increase in French steel prices is regarded as inevitable to cover the rise in the net cost of production, which has taken place since the end of 1955, according to M. Raty, President of the Groupement des Industries Sidérurgiques on April 11. M. Raty declared that the increase was also needed to give the French steel industry the means for capital development and improvement. He said that French steel prices were considerably lower than elsewhere in the Community, some 15-16% lower than Belgium and 3-4% lower than German prices. For certain heavy steels the difference was as much as 22-23%, he added.

Extra charges since the end of 1955 on salaries, raw materials and transport amounted to about 45,000 million francs a year in a total turnover of some 500,000 million. Part of this had been met by last year's four per cent price increase, but about 20,000 million francs had still to be covered. An additional 275,000 million was needed in the coming four years for modernization and expansion. Some of this could be obtained from loans and capital issues, but increased means of self-finance—which could only come from prices—were also essential.

Plans for the expansion of production, concluded M. Raty, would take account of the need to reduce scrap consumption; the steel produced would be for export.

## Court of Justice Hands Down Anti-Cartel Ruling

The Court of Justice of the European Community for Coal and Steel at the end of March rejected an application by a German coal sales agency for amendment of the High

Authority decision of April 1, 1956, by which the former sales agency for Ruhr coal, GEORG, was reorganized in three independent agencies.

Geitling, one of the three agencies set up after the dissolution of GEORG, had protested against criteria applied by the High Authority for direct access by wholesale firms to the new agencies. The High Authority in its original decision agreed that, in order to be able to buy direct from one of the new agencies, a wholesaler would have to take at least 12,500 tons of coal yearly from an agency for distribution in his area; however, it turned down a Ruhr demand that wholesalers be allowed to take a minimum of 25,000 tons from all three agencies together.

In its judgment, the Court of Justice upheld the High Authority contention that the selling of a minimum of 25,000 tons from the three sales agencies together would jeopardize the latter's independence, and would provoke discrimination as between producers by giving an incentive for wholesalers to deal with the other two Ruhr sales agencies rather than other Community producers.

This is the first decision of the Court of Justice on a subject relating to cartel practices. The decision is likely to be of most importance in those regions of the Community where the Ruhr does not supply the bulk of the coal handled by large wholesalers.

## High Authority Holds Talks With Steel Consumers

The High Authority met with representatives of the Community's steel consumers on May third in Luxembourg to obtain first-hand information on the functioning of the common market, to learn of any supply difficulties experienced by steel users and to discuss the prospects for consumption, the level of steel prices, and the competitive position of consumers.

## Report Shows British and American Nuclear Power Reactors Are Closely Matched

The Euratom Committee's Report answered a long-standing debate concerning the cost of power produced by the British gas-cooled, natural uranium reactor and the American pressurized water or boiling water reactor fueled by slightly enriched uranium. In Annex II of the Report, "Nuclear Power Prospects," a thoroughgoing comparison of costs showed that while initial investment costs for the British type nuclear power station would be slightly higher than for the American type, that fuel costs would be lower and that over a 15-year amortization period the costs of electricity produced by the two different types would be remarkably similar—varying not more than 0.6 mills per kilowatt hour.